



Prospectus

Incannex Healthcare Limited
ACN 096 635 246

For a non-renounceable pro rata offer of 1 option to acquire a fully paid ordinary share in the Company (**Loyalty Option**) for every 15 Shares held by Shareholders registered at 7.00pm (AEST) on 8 May 2023 (**Record Date**) at an offer price of \$0.001 per Loyalty Option (**Entitlement Offer**).

The Entitlement Offer closes at 5.00pm (AEST) on Friday, 26 May 2023 (unless extended).

This Prospectus also includes the Shortfall Offer.

ENTITLEMENT OFFER INFORMATION

The Entitlement Offer is currently scheduled to close at 5.00pm (AEST) on 26 May 2023. Valid applications must be received by that time. Details of how to apply for Loyalty Options under the Entitlement Offer are set out in the Entitlement and Acceptance Form accompanying this Prospectus.

IMPORTANT INFORMATION

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not of itself contain the same level of disclosure as an initial public offering prospectus. You should read this Prospectus (including the 'Risk Factors' in Section 6) in its entirety before deciding whether to apply for Loyalty Options. If after reading this Prospectus you have any questions about the Loyalty Options or any other matter, then you should consult your stockbroker, accountant or other professional adviser. An investment in Loyalty Options should be considered highly speculative in nature.

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Important information

This Prospectus is an important document and should be read in its entirety. You should seek professional advice if you have any questions about the Offers under this Prospectus, or any matter relating to an investment in the Company.

General	<p>This Prospectus is dated 3 May 2023 (Prospectus Date) and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.</p> <p>This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities. It has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering or “full form” prospectus. In preparing this Prospectus, regard has been given to the fact that the Company is a ‘disclosing entity’ for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. Loyalty Options will not be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.</p>
Exemption to disclosure and Entitlement Offer	<p>In certain circumstances, a listed company may undertake an entitlement offer without a prospectus if it complies with the disclosure exemption in s708AA and 1012DAA of the Corporations Act and the relief in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.</p> <p>The Company is unable to rely on these provisions for the Loyalty Options because the Loyalty Options to be issued under the Entitlement Offer are a class of securities not quoted on ASX. Accordingly, the Company is undertaking the Entitlement Offer under this Prospectus.</p>
Electronic prospectus	<p>This Prospectus may be viewed in electronic form at incannex.com.au by Australian and New Zealand investors only.</p> <p>The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on the Company’s website does not form part of this Prospectus.</p>
Risk factors	<p>Potential investors should be aware that applying for Loyalty Options involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed entities not specifically referred to, may affect the value of Shares in the future. Accordingly, an investment in the Company should be considered highly speculative.</p> <p>The information provided in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser before deciding whether to apply for Loyalty Options under this Prospectus.</p>
Foreign jurisdictions	<p>This Prospectus is not, and is not intended to constitute, an offer, invitation or issue of Loyalty Options in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue.</p> <p>By applying for Loyalty Options, including by submitting an Application Form or making a payment using BPAY® (or EFT for New Zealand Shareholders), an Applicant represents and warrants to the Company (among other representations and warranties set out in Section 3.7) that there has been no breach of such laws.</p> <p>The distribution of this Prospectus and accompanying Application Forms (including electronic copies) outside Australia and New Zealand may be restricted by law and persons who come into possession of these documents should observe any such restrictions.</p> <p>Any failure to comply with such restrictions may contravene applicable securities laws. The Company disclaims all liability to such persons. Please refer to Section 2.17 for further information.</p>
Important information for New	<p>Warning Statement</p> <p>The Entitlement Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made</p>

Zealand investors	<p>under that Act. In New Zealand, this is subpart 6 of Part 9 of the <i>Financial Markets Conduct Act 2013</i> and Part 9 of the <i>Financial Markets Conduct Regulations 2014</i>.</p> <p>The Entitlement Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Entitlement Offer must be made.</p> <p>There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.</p> <p>The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.</p> <p>Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Entitlement Offer. If you need to make a complaint about the Entitlement Offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.</p> <p>The taxation treatment of Australian financial products is not the same as for New Zealand financial products.</p> <p>If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.</p> <p>The Entitlement Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.</p> <p>If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.</p> <p>If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.</p>
Notice to nominees and custodians	<p>Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that taking up any Loyalty Options does not breach regulations in the relevant jurisdiction.</p>
Publicly available information	<p>Information about the Company is publicly available and can be obtained from ASIC and ASX (including the ASX website at www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offers. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company or apply for the Loyalty Options.</p> <p>The Company has not authorised any person to give any information or make any representation in connection with an Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon as having been authorised by the Company in connection with this Prospectus.</p>
Taxation implications	<p>The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of applying for Loyalty Options under this Prospectus.</p> <p>The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with applying for Loyalty Options under this Prospectus.</p>
Forward-looking statements	<p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.</p>

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are provided as a general guide only and are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management. Actual outcomes may differ materially from the events, intentions or results expressed or implied in any forward-looking statement in this Prospectus.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Neither the Company, its related bodies corporate or affiliates nor their respective directors, officers, partners, employees and agents give any warranty, representation, assurance or guarantee that the occurrence of the events expressed or implied in any of the forward-looking statements in this Prospectus will actually occur. In addition, please note that past performance should not be relied upon as (and is not) an indication or guarantee of future performance.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

Key risks associated with an investment in the Company are detailed in Section 6. These and other factors could cause actual results to differ materially from forward-looking statements.

Disclaimer	No person is authorised to provide any information or to make any representation in connection with the Offers that is not contained in this Prospectus. Any information or representations not contained in this Prospectus may not be relied upon as having been authorised by the Company, its related bodies corporate or affiliates, nor any of their respective directors, officers, partners, employees and agents in connection with the Offers.
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Determination of eligibility of investors for the purposes of the Offers is determined by reference to a number of matters, including legal requirements and regulatory requirements, logistical and registry constraints and the discretion of the Company. To the maximum extent permitted by law, the Company, its related bodies corporate and affiliates, and their respective directors, officers, partners, employees and agents expressly disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion.

Applications	Applications for Loyalty Options offered by this Prospectus can only be made in accordance with the instructions on the accompanying Application Form. Please read the instructions in this Prospectus and on the accompanying Application Form regarding the acceptance of an Offer.
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By returning an Application Form, lodging an Application Form with a stockbroker or otherwise arranging for payment of Loyalty Options in accordance with the instructions on the Application Form, an Applicant acknowledges that they have received and read this Prospectus, acted in accordance with the terms of the Offer to which the Application Form relates and agree to all of the terms and conditions as detailed in this Prospectus.

Meaning of terms	Capitalised terms used in this Prospectus are defined in the Glossary in Section 10.
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Rounding	Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.
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Time	All references to time in this Prospectus are references to AEST, unless otherwise stated.
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Key offer information

Indicative timetable for Entitlement Offer

Announcement Announcement of Entitlement Offer	Friday, 21 April 2023
Lodgement Prospectus lodged with ASX and ASIC	Wednesday, 3 May 2023
Ex-date Ex-date (date from which Shares begin trading without the right to participate in the Entitlement Offer)	Friday, 5 May 2023
Record Date Record Date (to identify Shareholders entitled to participate in the Entitlement Offer)	7.00pm (AEST) on Monday, 8 May 2023
Despatch of Prospectus and Application Forms Prospectus and Application Forms sent to Eligible Shareholders	Wednesday, 10 May 2023
Opening Date Offers open (Opening Date)	Wednesday, 10 May 2023
Extension date Last day to extend the Closing Date	Tuesday, 23 May 2023 (before noon, AEST)
Closing Date Offers close (Closing Date)	Friday, 26 May 2023 (5.00pm AEST)
Shortfall notice Notice to ASX of Entitlement Offer Shortfall	Tuesday, 30 May 2023
Entitlement Offer – Issue Loyalty Options issued under the Entitlement Offer	Friday, 2 June 2023 (before noon, AEST)

Note: The above dates are indicative only and subject to change. The Company may vary these dates without notice, including whether to close an Offer early, extend an Offer, or accept late Applications, either generally or in particular cases. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the Loyalty Options. The Directors also reserve the right not to proceed with the whole or part of the Offers at any time prior to the issue of Loyalty Options. In that event, the relevant Application Monies will be returned without interest. Investors who wish to submit an Application and apply for Loyalty Options under an Offer are encouraged to do so as soon as possible after the Offers open.

Key Entitlement Offer details

Offer	Details
Entitlement	1 Loyalty Option for every 15 Shares held at the Record Date
Price per Loyalty Option under the Entitlement Offer	\$0.001
Shortfall Offer	Eligible Shareholders can also apply for Shortfall Loyalty Options in excess of their Entitlement, under the Shortfall Offer. The allocation and issue of the Shortfall Loyalty Options is subject to the Board's discretion to place any Shortfall Loyalty Options. There is no guarantee that Eligible Shareholders will be allocated any Shortfall Loyalty Options under the Shortfall Offer.
Maximum number of Loyalty Options offered under the Entitlement Offer	106 million Loyalty Options
Maximum cash proceeds of the Entitlement Offer (before costs and before the exercise of any Loyalty Options)	\$106,000

Notes:

- The figures in the table above assume full subscription under the Entitlement Offer.
- There is no guarantee that Eligible Shareholders will be allocated any Shortfall Loyalty Options under the Shortfall Offer.

Key aspects of the Loyalty Options

Item	Details
Issue Date of Loyalty Options	2 June 2023
Issue Price of Loyalty Options	\$0.001 per Loyalty Option
Exercise Price of Loyalty Options	\$0.25 per Loyalty Option
Expiry Date of Loyalty Options	30 April 2026
Issue Date of Shares on the exercise of Loyalty Options	Within 15 business days of the Company receiving a Loyalty Option Exercise Notice and payment of the Loyalty Option Exercise Price in cleared funds

Notes:

- On exercise of a Loyalty Option, the Shareholder will receive 1 new Share and, for every 2 Loyalty Options exercised, the Shareholder will receive 1 new Piggyback Option.
- The key aspects of the Piggyback Options are outlined below.

Key aspects of the Piggyback Options

Item	Details
Issue Date of Piggyback Options	At the same time as new Shares are issued following the exercise of Loyalty Options
Issue Price of Piggyback Options	Nil
Exercise Price of Piggyback Options	\$1.00 per Piggyback Option
Expiry Date of Piggyback Options	1 May 2028
Issue Date of Shares on the exercise of Piggyback Options	Within 15 business days of the Company receiving a Piggyback Option Exercise Notice and payment of the Piggyback Option Exercise Price in cleared funds

Notes:

- On exercise of a Piggyback Option, the Shareholder will receive 1 new Share.

Letter to Shareholders

Dear Shareholder,

INVITATION TO PARTICIPATE IN ENTITLEMENT OFFER

On behalf of the Board of Incannex Healthcare Limited (**IHL or the Company**) it is a pleasure to invite Eligible Shareholders to participate in a non-renounceable pro-rata entitlement offer (**Entitlement Offer**) of Loyalty Options.

Entitlement Offer

The Entitlement Offer allows you to apply for 1 Loyalty Option for every 15 Shares held at the Record Date, at an Offer Price of \$0.001 per Loyalty Option (**Entitlement Offer**).

The Company is undertaking the Entitlement Offer as a way to acknowledge and reward IHL's Shareholders for their support of the Company following a period of significant Share price volatility which the Directors believe may have been exacerbated by international liquidity selling unrelated to the fundamentals of the Company.

For this reason, the Offer Price of Loyalty Options is nominal only – at \$0.001 (or one-tenth of one cent) per Loyalty Option. Accordingly, the issue of the Loyalty Options themselves will not result in any meaningful raising of funds by the Company. However, as the Company is well-capitalised, with approximately \$38 million cash at bank at the date of this Prospectus, the Board considers this the right time to provide Shareholders with this Entitlement Offer.

Shortfall Offer

Any Loyalty Options under the Entitlement Offer that are not applied for will form the Shortfall Loyalty Options. The offer to issue Shortfall Loyalty Options, being the Shortfall Offer, is a separate offer under this Prospectus.

Any Shortfall Loyalty Options applied for by Eligible Shareholders pursuant to the Shortfall Offer will be issued at the discretion of the Company's Board of Directors.

Further information

Full details of the Entitlement Offer and the Shortfall Offer are set out in this Prospectus. Please read this Prospectus carefully before deciding whether or not to participate. An investment in the Company contains specific risks which you should consider before making that decision. A non-exhaustive list of risk factors relevant to an investment in the Company is set out in Section 6. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional adviser.

On behalf of the Board of IHL, I invite you to consider this opportunity as we thank you for your continued support.

Yours sincerely,



Troy Valentine
Chairman

1 Investment Overview

This Section is not intended to provide full information for investors intending to apply for Loyalty Options offered under this Prospectus. Prospective investors should read this Prospectus in full before deciding whether to apply for Loyalty Options.

Topic	Summary	Further Information
The Entitlement Offer and Shortfall Offer		
What is the Entitlement Offer?	<p>The Entitlement Offer is a non-renounceable pro rata offer of one (1) Loyalty Option for every fifteen (15) Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.001 per Loyalty Options.</p> <p>Each Loyalty Option is exercisable at \$0.25 on or before 30 April 2026. Upon exercise of a Loyalty Option, the holder will be issued with one (1) new Share for each Loyalty Option exercised.</p> <p>Eligible Shareholders will be given the opportunity to take up all or part of their Entitlement. Entitlements are non-renounceable.</p>	Section 2.1
What is the Shortfall Offer?	<p>Eligible Shareholders can also apply for Shortfall Loyalty Options in excess of their Entitlement under the Shortfall Offer. The allocation and issue of the Shortfall Loyalty Options is subject to the Board's discretion to place any Shortfall Loyalty Options.</p> <p>The Shortfall Offer is made on the same basis as the Entitlement Offer (ie, each Shortfall Loyalty Option has an issue price of \$0.001 and is exercisable at \$0.25 on or before 30 April 2026).</p> <p>There is no guarantee that Eligible Shareholders will be allocated any Shortfall Loyalty Options under the Shortfall Offer.</p>	
What is the purpose of the Offers?	<p>As the Loyalty Options are being offered at a nominal issue price (ie, \$0.001 (or one-tenth of one cent) each) and the Loyalty Options are currently well 'out of the money', there is no immediate fundraising purpose behind the Offers.</p> <p>Rather, the Company is undertaking this Offer with the objective of providing long-term supportive Shareholders a potential benefit of greater exposure to the potential future success of the Company.</p> <p>The purpose of the Offers is to reward Shareholders for continuing to support the Company and to provide the Company with a potential source of additional capital if the Loyalty Options (and Piggyback Options) are exercised.</p>	Sections 4.1 and 6
Are any Directors participating in the Offers?	<p>Troy Valentine, Joel Latham and Peter Widdows each intend to apply for their full Entitlement under the Entitlement Offer.</p> <p>George Anastassov and Robert Clark are residents of the United States. As George Anastassov and Robert Clark are not Eligible Shareholders, they will not participate in the Entitlement Offer or the Shortfall Offer.</p>	Section 8.4

Topic	Summary	Further Information
	The Directors will not apply for any Shortfall Loyalty Options.	
Is the Entitlement Offer underwritten?	No, the Entitlement Offer is not underwritten.	Section 2.4
What is the effect of the Entitlement Offer and Shortfall Offer?	The maximum number of Loyalty Options that will be issued under the Entitlement Offer and Shortfall Offer is approximately 106 million Loyalty Options.	Section 4.2
Is the Entitlement Offer subject to a minimum subscription?	No.	Section 2.12
What are the terms of the Loyalty Options?	<p>The Loyalty Options have an exercise price of \$0.25 each and an expiry date of 30 April 2026.</p> <p>The Loyalty Options will not be quoted on ASX.</p> <p>The terms and conditions of the Loyalty Options are detailed in Section 5.1.</p>	Section 5.1
What is my Entitlement?	<p>Each Eligible Shareholder is entitled to apply for one (1) Loyalty Option for every fifteen (15) Shares held on the Record Date of 7.00pm (AEST) on 8 May 2023.</p> <p>If you are an Eligible Shareholder, your Entitlement is set out on the personalised Entitlement and Acceptance Form accompanying this Prospectus.</p>	Section 2.1
What is the Offer Price?	The offer price for Loyalty Options applied for under the Entitlement Offer and the Shortfall Offer is \$0.001.	Sections 2.1 and 2.2
How to Participate in the Entitlement Offer		
Am I an Eligible Shareholder and able to participate in the Entitlement Offer?	<p>Eligible Shareholders are those persons who:</p> <ul style="list-style-type: none"> (a) are registered as a holder of Shares as at 7:00pm (AEST) on the Record Date; (b) have a registered address in Australia or New Zealand or are, in the opinion of the Company, otherwise eligible under all applicable securities laws to receive an offer of Loyalty Options under the Entitlement Offer; and (c) are not in the United States and are not acting for the account or benefit of a person in the United States. 	Section 2.15
How do I accept all or part of the Entitlement Offer?	<p>If you are an Eligible Shareholder and you wish to take up all or part of your Entitlement, you must pay the full Application Monies via BPAY® by no later than 5.00pm (AEST) on the Closing Date.</p> <p>New Zealand based Shareholders will not be able to pay via BPAY® and will instead need to make payment via EFT, New Zealand based Shareholders should follow the</p>	Section 3

Topic	Summary	Further Information
	instructions on their personalised Entitlement and Acceptance Form.	
Can I withdraw my application?	Cooling off rights do not apply to an investment in Loyalty Options under the Entitlement Offer. You cannot withdraw your payment once it has been accepted unless permitted to do so in accordance with the Corporations Act.	Section 2.14
Can Eligible Shareholders apply for Loyalty Options in excess of their Entitlement?	<p>The Directors reserve the right to place any Shortfall Loyalty Options at their discretion within three months after the Closing Date.</p> <p>Eligible Shareholders may apply for Shortfall Loyalty Options offered under the Shortfall Offer by completing the relevant section of their personalised Entitlement and Acceptance Form.</p> <p>The Shortfall Offer is made on the same basis as the Entitlement Offer (ie, each Shortfall Loyalty Option has an issue price of \$0.001 and is exercisable at \$0.25 on or before 30 April 2026).</p> <p>There is no guarantee that Eligible Shareholders will be allocated any Shortfall Loyalty Options under the Shortfall Offer.</p>	Section 2.2
Further details of the Entitlement Offer and Shortfall Offer		
Can I trade my Entitlement?	No, as the Entitlement Offer is non-renounceable, you cannot sell or transfer any of your Entitlement. There will be no trading of Entitlements on ASX.	Section 2.11
What will be the effect of the Entitlement Offer and Shortfall Offer on the control of the Company?	The Directors do not anticipate there to be any material effect on the control of the Company as a result of the Entitlement Offer or the Shortfall Offer.	Section 4.4
Further details of the Loyalty Options		
Are the Loyalty Options transferrable?	<p>No – not without the Company's prior written consent.</p> <p>If you do not exercise your Loyalty Options before the Loyalty Option Expiry Date, these Loyalty Options will lapse. In this event, you will not be issued any new Shares nor will you be issued any Piggyback Options.</p>	Section 5.1
How do I exercise my Loyalty Options?	<p>You will receive a personalised Loyalty Option Exercise Notice. In order to exercise your Loyalty Options, you must complete and return the Loyalty Options Exercise Notice to the Share Registry, with payment of the Loyalty Option Exercise Price for each Loyalty Option exercised, by the Loyalty Option Expiry Date.</p> <p>If you exercise your Loyalty Options then you will also be granted Piggyback Options. At the time you are granted Piggyback Options, you will also receive a personalised Piggyback Option Exercise Notice, allowing you to exercise your Piggyback Options before the Piggyback Option Expiry Date.</p>	Section 5.1

Topic	Summary	Further Information
<p>Must I exercise my Loyalty Options?</p>	<p>No.</p> <p>You do not need to exercise any of your Loyalty Options, or you may choose to exercise some, but not all, of your Loyalty Options.</p> <p>Any Loyalty Options granted to you that are not exercised before the relevant expiry date will lapse.</p>	<p>Section 5.1</p>
<p>What are the key risks of taking up my Entitlement?</p>		
<p>Risks specific to the Company</p>	<p>The Loyalty Options being offered under this Prospectus and any Shares issued on their exercise should be considered speculative. The general advice provided in this Prospectus has been prepared without taking into account the specific personal circumstances of investors.</p> <p>Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 6.</p> <p>(a) Intellectual Property</p> <p>The Company may be forced to litigate, to enforce or defend its intellectual property rights against infringement and unauthorised use by competitors, and to protect the Company's trade secrets. In so doing, the Company's intellectual property may be put at risk of being invalidated, unenforceable, or limited or narrowed in scope.</p> <p>(b) Medicinal cannabis industry in Australia</p> <p>The medicinal cannabis industry in Australia is still relatively new so many significant risks may arise. These risks include delays in the grant or variation of various licences and permits that can impact timeframes and the ability to generate revenue. There are also uncertainties associated with the medicinal cannabis legislative regime in Australia. There is a risk that a regulatory body could, in the future, change the application of these laws which may adversely impact the Company. Despite cannabis having been legalised for medical use, cannabis continues to be categorised as a controlled substance and violations could result in significant civil or criminal fines and penalties, as well as potentially losing any licenses issued. Any such sanction would adversely affect the operation and financial performance of the business.</p> <p>(c) Psychedelic medicine industry in Australia</p> <p>The industry of psychedelic medicine in Australia is in its infancy and so very significant risks may arise in this respect. These risks include the risk that relevant licences are never obtained or that, even if obtained, there are significant delays in</p>	<p>Section 6</p>

Topic	Summary	Further Information
	<p>the grant of such licences. These can impact timeframes and the ability to generate revenue.</p>	
	<p>(d) Changes in laws and regulations</p> <p>The Company's operations are subject to various laws, regulations and guidelines in Australia and in other jurisdictions in which the Company operates or proposes to operate, or to export to, including laws and regulations relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of products and of certain material used in operations. Changes to these laws or regulations could negatively affect the Company's competitive position within the industry and the markets in which it operates.</p>	
	<p>(e) Acceptance of the efficacy of medicinal cannabis products and psychedelic medicines</p> <p>Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in relatively early stages. There have been few clinical trials on the benefits of cannabis or isolated cannabinoids that have been completed, by anyone. The same applies with respect to clinical trials and research on psychedelic medicines.</p> <p>Future research and clinical trials may draw opposing conclusions to statements contained in existing publications, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medicinal cannabis and/or psychedelic medicines, which could adversely affect their social acceptance, including acceptance by the medical community, and the demand for the Company's products.</p>	
	<p>(f) Risks associated with clinical trials</p> <p>Clinical trials are expensive, time consuming and difficult to design and implement. With respect to the Company's clinical trials, these are expected to continue for several years and may take significantly longer to complete. There is no guarantee that the outcomes of the Company's clinical trials will be successful. Further, regulatory authorities may suspend, delay or terminate the clinical trials at any time for various reasons which could have a material adverse effect on the Company's business, results of operations and financial conditions.</p>	
	<p>(g) Reliance on key personnel and consultants</p> <p>The Company is largely dependent on the performance of its management team and</p>	

Topic	Summary	Further Information
	<p>certain highly qualified employees, including scientists and other research and development personnel, and the Company's continuing ability to attract and retain such employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any such personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on its business plan and strategy.</p>	
	<p>(h) Technology, innovation and cyber security</p> <p>The Company relies heavily on its information technology systems. The Company's technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber attacks, power or telecommunication provider failure, fire, natural disasters, terrorist acts, war or human error. These events may cause one or more of the Company's systems to become unavailable. Any interruptions to these operations could impact the Company's ability to operate and could result in business interruption, damaged reputation and weakening of competitive position.</p>	
	<p>(i) Competition</p> <p>The pharmaceutical, nutraceutical and psychedelic industries are highly competitive and subject to rapid change. The industries continue to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of these competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than the Company. Some of these competitors and potential competitors have similar or more experience than the Company in the development of pharmaceutical products, including validation procedures and regulatory matters. If the Company is unable to compete successfully, it may be unable to generate, grow and sustain its revenue.</p>	
	<p>(j) Share market risk</p> <p>The market price of listed securities can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the pharmaceutical sector and cannabinoid and psychedelic medicinal companies in particular. The Shares issued upon the exercise of the Loyalty Options carry no guarantee in respect of profitability, dividends, return on capital or the price at which they may trade on ASX. There are a number of factors</p>	

Topic	Summary	Further Information
	<p>(both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.</p> <p>(k) Risks specific to the Loyalty Options</p> <p>Loyalty Options entitle an Eligible Shareholder to apply for a Share at the Loyalty Option Exercise Price. As Shares are readily available on the market, a Loyalty Option has material value only if it allows its holder to acquire a Share for a price less than the holder can acquire the Share on-market. As at the last trading day before the date of this Prospectus, the Shares were trading at a price of approximately \$0.12. Therefore, the Loyalty Options are currently well 'out of the money', and there can be no guarantee that this will change at any time during the exercise period for the Loyalty Options.</p>	

Further Information

How can I obtain further information?

Further information and application instructions for the Entitlement Offer, as well as the risks associated with investing in the Entitlement Offer, are detailed in this Prospectus which you should read carefully and in its entirety.

If you have any questions in respect of the Offers, please contact IHL's Company Secretary, Mr Madhukar Bhalla at mbhalla@incannex.com.au. For other questions, you should consult your broker, lawyer, accountant, financial adviser, or other professional adviser.

Section 2.22

2 Details of the Offers

2.1 Entitlement Offer

By this Prospectus, the Company invites Eligible Shareholders to participate in the Entitlement Offer.

The Entitlement Offer is a non-renounceable pro rata offer of one (1) Loyalty Option for every fifteen (15) Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.001 per Loyalty Option. Each Loyalty Option is exercisable at \$0.25 on or before 30 April 2026.

The Entitlement Offer is non-renounceable, meaning that Entitlements cannot be traded on ASX, nor can they be sold, transferred or otherwise disposed of.

Any new Shares issued on the exercise of Loyalty Options offered under the Entitlement Offer will rank equally with the Shares on issue as at the date of this Prospectus. For further information regarding the rights and liabilities attaching to Shares, please see Section 5.2.

The Loyalty Options offered under the Entitlement Offer will have the terms and conditions detailed in Section 5.1.

The purpose of the Entitlement Offer is set out in Section 4.1 of this Prospectus.

2.2 Shortfall Offer

Any Loyalty Options under the Entitlement Offer that are not applied for will form the Shortfall Loyalty Options. The offer to issue Shortfall Loyalty Options is a separate offer under this Prospectus (**Shortfall Offer**).

Under this Prospectus, the Company offers to issue the Shortfall Loyalty Options to investors at the same price of \$0.001 per Loyalty Option that is offered under the Entitlement Offer. The Shortfall Loyalty Options will have the same rights as the Loyalty Options offered under the Entitlement Offer as detailed in Section 5.1.

Eligible Shareholders may apply for Shortfall Loyalty Options by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 3.2 for further details). Other investors may also apply for Shortfall Loyalty Options by completing the Shortfall Application Form upon invitation from the Company (refer to Section 3.6).

Shortfall Loyalty Options may be allocated to any Eligible Shareholders who apply for Shortfall Loyalty Options under the Shortfall Offer, at the discretion of the Directors.

An Application for Shortfall Loyalty Options accompanied by payment of Application Monies does not guarantee the allotment of any Shortfall Loyalty Options. The Shortfall Loyalty Options will be allocated within three months after the Closing Date.

In relation to the Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Loyalty Options than the number applied for, reject an Application or not proceed with the issuing of the Shortfall Loyalty Options or part thereof. If the number of Shortfall Loyalty Options issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

2.3 Purpose of this Prospectus

The purpose of this Prospectus is to:

- (a) make the Offers; and
- (b) ensure that the on-sale of the underlying Shares to be issued upon the exercise of Loyalty Options issued under the Entitlement Offer and the Shortfall Offer is in accordance with ASIC Corporations Instrument 2016/80.

2.4 Underwriting

The Entitlement Offer is not being underwritten.

2.5 Fractional Entitlements

Fractional Entitlements will be rounded up or down to the nearest whole number, with Entitlements to less than half of a Loyalty Option rounded down. For this purpose, holdings in the same name are aggregated for calculation of Entitlements, to the extent permitted by the Listing Rules. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements, to the extent permitted by the Listing Rules.

2.6 Risks of the Offers

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the risks applicable to the Company and its business detailed in Section 6, Eligible Shareholders should be aware that an investment in the Loyalty Options should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 6), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

2.7 Application Forms and BPAY® payments

(a) Entitlement Offer

Acceptance of a completed Entitlement and Acceptance Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of Loyalty Options accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Loyalty Options.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Entitlement and Acceptance Form as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

A personalised Entitlement and Acceptance Form will be issued to the Eligible Shareholders together with a copy of this Prospectus.

(b) Shortfall Offer

Eligible Shareholders may apply for Shortfall Loyalty Options by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 3.2 for further details).

A Shortfall Application Form will also be provided to certain persons wishing to participate in the Shortfall upon invitation from the Company together with a copy of the Prospectus (refer to Section 3.6). Acceptance of a completed Shortfall Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shortfall Loyalty Options accepted by the Company. The Shortfall Application Form does not need to be signed to be a binding acceptance of Shortfall Loyalty Options.

If the Shortfall Application Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Shortfall Application Form as valid and how to construe, amend or complete the Shortfall Application Form is final.

2.8 Opening and closing dates

The Entitlement Offer will open on Wednesday, 10 May 2023 and close on the Closing Date of 5.00pm (AEST) on Friday, 26 May 2023.

Please note that payment made by BPAY® must be received no later than 5.00pm (AEST) on the Closing Date. It is the responsibility of all Eligible Shareholders to ensure that their BPAY® payments are received by the Company on or before the Closing Date.

The indicative timetable for the Entitlement Offer is set out in the indicative timetable on page 6 of this Prospectus.

The Directors reserve the right to extend the Offer Period in relation to one or more of the Offers, or to close an Offer prior to its Closing Date, subject to the requirements of the Corporations Act and the Listing Rules.

2.9 Application Monies held on trust

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Loyalty Options are issued. All Application Monies will be returned (without interest) if the Loyalty Options are not issued.

2.10 Issue and dispatch

All Loyalty Options under the Entitlement Offer are expected to be issued on or before the date specified in the indicative timetable on page 6 of this Prospectus.

Shortfall Loyalty Options may be issued within three months after the Closing Date.

It is the responsibility of Applicants to determine their allocation once they receive their Loyalty Options. Applicants who deal in their Loyalty Options before they receive their holding statements will do so at their own risk.

2.11 No rights trading

The rights to Loyalty Options under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to apply for Loyalty Options under the Entitlement Offer to any other party. If you do not take up your Entitlement to Loyalty Options under the Entitlement Offer by the Closing Date, your Entitlement will lapse.

2.12 Minimum subscription

The Entitlement Offer is not subject to a minimum subscription.

2.13 ASX quotation

The Company is not seeking official quotation of the Loyalty Options offered pursuant to this Prospectus.

If Loyalty Options are exercised such that new Shares are issued upon their exercise, then the Company will apply to ASX for official quotation of the new Shares issued at the time of issue.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant official quotation of any new Shares issued on the exercise of Loyalty Options is not to be taken in any way as an indication of the merits of the Company.

2.14 Withdrawal and cooling-off rights

Cooling off rights do not apply to an investment in Loyalty Options under the Entitlement Offer. You cannot withdraw your payment once it has been accepted unless permitted to do so in accordance with the Corporations Act.

The Directors may at any time decide to withdraw this Prospectus and the Offers, in which case the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

2.15 Eligible Shareholders

The Entitlement Offer is made to Eligible Shareholders only.

Eligible Shareholders are those persons who:

- (a) are registered as a holder of Shares as at the Record Date, being 7.00pm (AEST) on Monday, 8 May 2023;
- (b) have a registered address on the Company share register in Australia or New Zealand, or are, in the opinion of the Company, otherwise eligible to receive an offer of Loyalty Options under the Entitlement Offer; and
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States,

(an **Eligible Shareholder**).

If you are a Shareholder who does not satisfy each of the criteria listed above, you are an **"Ineligible Shareholder"**. Where this Prospectus has been despatched to Ineligible Shareholders, this Prospectus is provided for information purposes only. The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

Ineligible Shareholders are not entitled to participate in the Entitlement Offer (including the Shortfall Offer) to apply for Loyalty Options.

By making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

By receiving this Prospectus, you will be taken to have acknowledged and agreed that determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company, and each of the Company and its affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

The Company has decided that it is unreasonable to make offers under the Entitlement Offer to Shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the Loyalty Options that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. The Company may (in its absolute discretion) extend the Entitlement Offer to Shareholders who have registered addresses outside Australia or New Zealand in accordance with applicable law.

2.16 Nominees

The Entitlement Offer is only being made to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (eg, for the purposes of determining whether any such persons may participate in the Entitlement Offer).

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

2.17 Foreign jurisdictions

This Prospectus does not, and is not intended to, constitute an offer of Loyalty Options in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus. The Entitlement Offer and Shortfall Offer are not being extended, and Loyalty Options will not be issued, to Shareholders with a registered address which is outside Australia or New Zealand.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Loyalty Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of Loyalty Options to existing Shareholders in any jurisdiction other than Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside those jurisdictions is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

This Prospectus and the accompanying Entitlement and Acceptance Form does not constitute an offer of Loyalty Options in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer. In particular, this Prospectus may not be distributed to any person, and the Loyalty Options may not be offered or sold, in any country outside of Australia except to the extent permitted below:

New Zealand

The Loyalty Options are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the mutual recognition regime established under subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.

Investors in New Zealand should refer to the warning statement on page 3 and 4 under 'Important information for New Zealand investors'.

2.18 CHES

The Company participates in the Clearing House Electronic Subregister System, known as CHES. ASX Settlement, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of Loyalty Options.

If you are broker sponsored, ASX Settlement will send you a CHES statement.

The CHES statement will set out the number of Loyalty Options issued to you under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Loyalty Options.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of Loyalty Options issued to you under this Prospectus and your security holder reference number.

A CHES statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

2.19 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of applying for Loyalty Options.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

2.20 Privacy disclosure

The Company collects information about each Applicant from the Application Forms for the purpose of processing the Application and, if the Applicant is successful, for the purposes of administering the Applicant's holding of securities in the Company. By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement. The Company and the Share Registry may disclose an Applicant's personal information for purposes related to the Applicant's investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act:

- (a) the Share Registry for ongoing administration of the Company's register;
- (b) the Company's related bodies corporate, agents, contractors and third-party service providers, as well as to ASX, ASIC and other regulatory authorities (including the Australian Taxation Office); and
- (c) the printers and the mailing house for the purposes of preparing and distributing Holding Statements and for the handling of mail.

If an Applicant becomes a holder of securities of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the Company's register even if that person ceases to hold securities in the Company. Information contained in the Company's registers are also used to facilitate corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If an Applicant does not provide the information required on the Application Form, the Company may not be able to accept or process their Application.

Under the Privacy Act, a person may request access to their personal information held by (or on behalf of) the Company or the Share Registry. An Applicant can request access to their personal information by writing to the Company through the Share Registry.

2.21 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2022 is contained in the Annual Report which is available on the Company's website at incannex.com/asx-investor-centre/.

A summary of the major activities and financial information relating to the Company for the half year ended 31 December 2022 is contained in the Half Yearly Report which is available on the Company's website at incannex.com/asx-investor-centre/.

The Company's ASX announcements since the lodgement of its Annual Report for the year ended 30 June 2022 with ASX on 20 September 2022 are detailed in Section 7.

Copies of these documents are available free of charge from the Company or the Company's website: incannex.com/. Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

2.22 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to IHL's Company Secretary, Mr Madhukar Bhalla at mbhalla@incannex.com.au. For other questions, you should consult your broker, lawyer, accountant, financial adviser, or other professional adviser.

3 Action required by Entitlement Offer and Shortfall Offer Applicants

3.1 Eligible Shareholders

Eligible Shareholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement with the copy of this Prospectus sent to them. Shareholders, who are not Eligible Shareholders, will not receive an Entitlement and Acceptance Form.

Eligible Shareholders' Entitlements to Loyalty Options will be shown on the Entitlement and Acceptance Form accompanying the Prospectus sent to them. Before taking any action in relation to the Entitlement Offer, you should read this Prospectus in its entirety, and seek professional advice from your professional adviser.

You may:

- (a) take up all of your Entitlement to Loyalty Options (see Section 3.2 below);
- (b) take up all of your Entitlement to Loyalty Options and apply for Shortfall Loyalty Options in excess of your Entitlement (see Section 3.2 below);
- (c) take up part of your Entitlement to Loyalty Options and allow the balance to lapse, in which case you will receive no value for those lapsed Entitlements (see Section 3.3 below); or
- (d) do nothing and allow all of your Entitlement to Loyalty Options to lapse, in which case you will receive no value for those lapsed Entitlements (see Section 3.5 below).

Please note that the allocation and issue of the Shortfall Loyalty Options is subject to the Board's discretion to place any Shortfall Loyalty Options. There is no guarantee that Eligible Shareholders will be allocated any Shortfall Loyalty Options under the Shortfall Offer.

Please also note that if you are an Eligible Shareholder who is a 'related party' in relation to the Company (as that term is defined in the ASX Listing Rules) or are otherwise a person to whom ASX Listing Rule 10.11 applies, you may apply to take up your Entitlement in part or in full, but may not apply for Shortfall Loyalty Options.

3.2 If you wish to take up all of your Entitlement to Loyalty Options (with or without Shortfall Loyalty Options)

If you wish to:

- (a) accept your Entitlement in full (without taking up Shortfall Loyalty Options), you should note your Entitlement and requisite Application Amount specified in the Entitlement and Acceptance Form, and make a payment by BPAY® for the total Application Money in accordance with the instructions contained in this Prospectus and detailed on the Entitlement and Acceptance Form (calculated at \$0.001 per Loyalty Option accepted under the Entitlement Offer). New Zealand based Shareholders will not be able to pay via BPAY® and will instead need to make payment via EFT. New Zealand based Shareholders should follow the instructions on their personalised Entitlement and Acceptance Form. Please read the instructions carefully.
- (b) accept your Entitlement in full and apply for Loyalty Options in excess of your Entitlement by applying for Shortfall Loyalty Options, you should note your Entitlement and requisite Application Amount specified in the Entitlement and Acceptance Form, and make a payment by BPAY® (or as specified for New Zealand based Shareholders) for the total Application Money in accordance with the instructions contained in this Prospectus and detailed on the Entitlement and Acceptance Form. This payment should be inclusive of the Loyalty Options you wish to accept under your Entitlement as well as those you wish to apply for under the Shortfall Offer (calculated at \$0.001 per Loyalty Option accepted under the Entitlement Offer and applied for under the Shortfall Offer).

The Company will not allocate or issue Loyalty Options where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or

law. Eligible Shareholders wishing to apply for Shortfall Loyalty Options must consider whether or not the issue of the Shortfall Loyalty Options to them would breach the Corporations Act or Listing Rules having regard to their own circumstances.

3.3 If you wish to take up part of your Entitlement to Loyalty Options and allow the balance to lapse

If you wish to accept part of your Entitlement and allow the balance to lapse, you should note your Entitlement and requisite Application Amount specified in the Entitlement and Acceptance Form, and make a payment by BPAY® for the total Application Money relating to the portion of Loyalty Options you do wish to apply for in accordance with the instructions contained in this Prospectus and detailed on the Entitlement and Acceptance Form (calculated at \$0.001 per Loyalty Option accepted under the Entitlement Offer). New Zealand based Shareholders will not be able to pay via BPAY® and will instead need to make payment via EFT. New Zealand based Shareholders should follow the instructions on their personalised Entitlement and Acceptance Form. Please read the instructions carefully.

You will not receive any value for the Entitlements you choose not to take up and they will lapse worthless.

3.4 Payment by BPAY®

Australian based Shareholders may only pay via BPAY®. New Zealand based Shareholders will not be able to pay via BPAY® and will instead need to make payment via EFT. New Zealand based Shareholders should follow the instructions on their personalised Entitlement and Acceptance Form.

Eligible Shareholders should note:

- (a) You should make your payment in respect of your Application Money via BPAY® (or via EFT payment as directed for New Zealand Shareholders) for the number of Loyalty Options you wish to apply for (being \$0.001 multiplied by the number of Loyalty Options you are applying for, including any Shortfall Loyalty Options).
- (b) Please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number).
- (c) Your BPAY® payment (or EFT payment for New Zealand based Shareholders) must be received by no later than 5:00pm (AEST) on the Closing Date. Applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY® (or via EFT for New Zealand based Shareholders) are received by this time.
- (d) You do not need to submit your Entitlement and Acceptance Form but, by making a payment through BPAY® (or via EFT for New Zealand based Shareholders), you will be taken to have applied for the Loyalty Options (and any Shortfall Loyalty Options) and made the declarations set out in the Entitlement and Acceptance Form.
- (e) For those paying by:
 - (i) BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form; and
 - (ii) EFT, please make sure to use the specific Reference Number on your personalised Entitlement and Acceptance Form.

Eligible Shareholders may not pay via cheque and must not forward cash by mail. Receipts for payment will not be issued.

If you have more than one holding of Shares you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form. If you inadvertently

use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for your Entitlements to which that Reference Number applies.

If the amount of your BPAY® or EFT payment for Application Money is insufficient to pay in full for the number of Loyalty Options (and any Shortfall Loyalty Options) you have applied for, you will be taken to have applied for such lower whole number of Loyalty Options as your cleared Application Money will pay for. Alternatively, your Application may be rejected (at the discretion of the Company).

The Company will treat you as applying for as many Loyalty Options as your payment will pay for in full, subject to any scale back it may determine to implement, in its absolute discretion, in respect of any Shortfall Loyalty Options. Amounts received in excess of the Application Money for your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Shortfall Loyalty Options as your Excess Amount will pay for in full.

Any Application Money received by the Company in excess of your final allocation of Loyalty Options (and Shortfall Loyalty Options as the case may be) will be refunded by cheque to your registered address as noted on the Company's share register as soon as practicable after the close of the Entitlement Offer. It is not practical to refund any amount of less than \$2.00 to Shareholders and any refunds owing for less than this amount will be retained by the Company. No interest will be paid to Applicants on any Application Money received or refunded.

If you take no action or your fail to take any action prior to the Closing Date, your Entitlement under the Entitlement Offer will lapse worthless and you will not receive any value for those Entitlements.

3.5 Entitlement to Loyalty Options not taken up

If you decide not to take up all or any part of your Entitlement to Loyalty Options, do not take any further action and your Entitlement will lapse worthless and you will not receive any value for those Entitlements. In this instance, the Loyalty Options to which you would have been entitled to apply for shall become Shortfall Loyalty Options and will be issued pursuant to the Shortfall Offer. You will receive no payment for your lapsed Entitlements. You cannot sell or transfer your Entitlements to another person.

3.6 Application for Loyalty Options under the Shortfall Offer

If you are not a Shareholder and upon invitation by the Company wish to apply for Shortfall Loyalty Options under the Shortfall Offer, please pay your Application Monies via BPAY® by following the instructions referred to in this Prospectus and on the Shortfall Application Form, including the number of Shortfall Loyalty Options you wish to apply for under the Shortfall Offer and the total Application Monies (calculated at A\$0.001 per Loyalty Option applied for under the Shortfall Offer). Please read the instructions carefully.

Please pay your Application Monies via BPAY® to the Share Registry so that it is received by no later than 5.00pm (AEST) on the Closing Date in accordance with the instructions on the Shortfall Application Form.

3.7 Representations by Applicants

Payment made through BPAY® or EFT, constitutes a binding and irrevocable offer to apply for Loyalty Options (including any Shortfall Loyalty Options) on the terms and conditions set out in this Prospectus and, once lodged or paid, cannot be withdrawn.

Your application will be considered to be for as many Loyalty Options as your payment will cover.

By making payment by BPAY® or EFT, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) if participating in the Entitlement Offer, you represent to the Company that you are an Eligible Shareholder and that the Entitlement Offer can be made to you in accordance with this Prospectus, in accordance with applicable securities laws;
- (b) you have read and understood this Prospectus and your Application Form in their entirety and provide the authorisations contained in this Prospectus and Application Form;
- (c) you agree to be bound by the terms of the Entitlement Offer and the Shortfall Offer and the provisions of the Prospectus and the Company's constitution;
- (d) you declare that you are 18 years of age or over and have full legal capacity and power to perform all of your rights and obligations under the Application Form;
- (e) all details and statements in the Application Form are complete and accurate;
- (f) you authorise the Company to register you as the holder of Loyalty Options issued to you;
- (g) once the Company (or the Share Registry) receives the Application Form or any payment of Application Money via BPAY® or EFT, you may not withdraw it except as allowed by law;
- (h) you agree to apply for the number of Loyalty Options (including any Shortfall Loyalty Options) specified in the Application Form, or for which you have submitted payment of any Application Money via BPAY® or EFT, at \$0.001 per Loyalty Option;
- (i) you agree to be issued the number of Loyalty Options (including any Shortfall Loyalty Options) that you apply for in the Application Form and that potentially (in the case of an application in excess of your Entitlement) a lesser number of Shortfall Loyalty Options may be issued to you than that applied for;
- (j) if you apply for Shortfall Loyalty Options, you declare that you are not a 'related party' (as that term is defined in the ASX Listing Rules) or a person to whom Listing Rule 10.11 applies;
- (k) you authorise the Company, the Share Registry and their respective officers or agents, to do anything on your behalf necessary for the Loyalty Options to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (l) you authorise the Company to correct any errors in your Application Form or other form provided by you;
- (m) you declare that you are the current registered holder(s) on the Record Date of that number of Shares as indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (n) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (o) you acknowledge that the information contained in this Prospectus and the Application Form is not investment advice or a recommendation that Loyalty Options are suitable for you given your investment objectives, financial situation or particular needs, and that this Prospectus does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (p) you acknowledge the statement of risks in the Risk Factors detailed in Section 6 of this Prospectus, and that investments in the Company are subject to investment risk;
- (q) you acknowledge that none of the Company, its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents,

consultants or advisers guarantees the performance of the Company, nor do they guarantee the repayment of capital;

- (r) you acknowledge and agree that:
 - (i) determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company; and
 - (ii) the Company and each of its affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- (s) you will also be deemed to have acknowledged, represented and warranted on your behalf and on behalf of and in relation to each person on whose account you are acting that:
 - (i) you are not in the United States and are not acting for the account of or benefit of a person in the United States;
 - (ii) you have not, and will not, send any materials relating to the Entitlement Offer to any person in the United States;
 - (iii) you are not otherwise a person to whom it would be illegal or unlawful to make an offer or issue of Loyalty Options under the Entitlement Offer or the Shortfall Offer;
 - (iv) you have not and will not send any materials relating to the Entitlement Offer or the Shortfall Offer to any person in the United States or any other country outside Australia or New Zealand or any jurisdiction where it is not lawful for the materials relating to the Entitlement Offer to be sent; and
 - (v) you agree that the issue of Loyalty Options (including, if applicable, Shortfall Loyalty Options) to you constitutes acceptance of your application.

3.8 Nominees and custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that applying for Loyalty Options does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3.9 Brokerage and stamp duty

No brokerage or stamp duty is payable by Eligible Shareholders who accept their Entitlement.

4 Purpose and effect of the Offers

4.1 Purpose of the Offers

As the Loyalty Options are being offered at a nominal issue price (ie, \$0.001 (or one-tenth of one cent) each) and the Loyalty Options are currently well 'out of the money', there is no immediate fundraising purpose behind the Offers.

Rather, the Company is undertaking this Offer with the objective of providing many of the Company's long-term supportive Shareholders a potential benefit of greater exposure to the potential future success of the Company.

The purpose of the Offer is to reward those Shareholders for continuing to support the Company and to provide the Company with a potential source of additional capital if the Loyalty Options (and Piggyback Options) are exercised.

4.2 Indicative capital structure

The effect of the Offers on the capital structure on the Company is as follows:

Description	Shares	Options (various ex prices and dates)
Existing Securities on issue	1,587,010,356	121,764,634
Entitlement Offer and Shortfall Offer	-	106,000,000
Total	1,587,010,356	227,764,634

4.3 Optionholders

Optionholders will not be able to participate in the Entitlement Offer unless they:

- (a) have become entitled to exercise their existing Options under the terms of their issue and do so, such that they are registered as holders of Shares as at the Record Date; and
- (b) participate in the Entitlement Offer as a result of being a holder of Shares registered on the register of IHL at the Record Date.

4.4 Effect of the Entitlement Offer and Shortfall Offer on control of the Company

As at the Prospectus Date, the Company has 1,587,010,356 Shares on issue and 121,764,634 Options on issue with various exercise prices and expiry dates.

As at the Prospectus Date, no Shareholder has Voting Power in the Company above 20%.

The Loyalty Options are being issued 'out of the money' and it is not expected that their issue will have any short term control impact on the Company. If and when Loyalty Options are issued by their holders, the Company does not presently expect that their exercise will have any material effect on control of the Company.

4.5 Financial Information

Assuming full participation in the Entitlement Offer and/or the Shortfall Offer, the effect of the Offers on the financial position of the Company will be immaterial. This is because, in this event, total proceeds raised from the Offers will be approximately \$106,000 whereas the costs of the Offers will be approximately \$50,000.

As noted above, the Company is undertaking the Offers with the objective of providing long-term supportive Shareholders a potential benefit of greater exposure to the potential future success of the Company, rather than to raise immediate funds.

As at the Prospectus Date, the Company has approximately \$37 million cash in the bank. Accordingly, the Directors expect to have sufficient cash reserves to fund the Company's planned level of operations for some time following the issue of Loyalty Options under the Entitlement Offer and the Shortfall Offer.

5 Rights and liabilities attaching to Securities

5.1 Terms of Loyalty Options to be issued under Offers

- (a) **Entitlement:** Subject to and conditional upon any adjustment in accordance with these conditions, each of the Loyalty Options entitle the holder to apply for one (1) Share upon payment of the Loyalty Options Exercise Price.
- (b) **Exercise Price:** The Exercise Price for each Loyalty Option is \$0.25.
- (c) **Expiry Date:** Each Loyalty Option will expire at 5.00pm (AEST) on 30 April 2026. A Loyalty Option not previously exercised will automatically lapse on that Expiry Date.
- (d) **Exercise period:** The Loyalty Options are exercisable at any time from the date of issue until 5.00pm (AEST) on the Loyalty Options Expiry Date.
- (e) **Exercise notice:** The Loyalty Options may be exercised during the exercise period by forwarding to the Company the Loyalty Options Exercise Notice together with payment (in cleared funds) of the Exercise Price for the number of Shares to which the Loyalty Options Exercise Notice relates.
- (f) **Partial exercise:** Any number of Loyalty Options may be exercised by their holder – there is no minimum prescribed number of Loyalty Options that must be exercised.
- (g) **Timing of issue of Shares on exercise:** Within 15 business days after the Loyalty Options Exercise Notice is received, the Company will:
 - (i) issue the number of Shares as specified in the Loyalty Options Exercise Notice and for which the Loyalty Options Exercise Price has been received by the Company in cleared funds; and
 - (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Loyalty Options.
- (h) **Participation in new issues:** The Loyalty Options do not confer any right on their holder to participate in a new issue of securities without exercising the Loyalty Options. A holder of Loyalty Options will be given at least 15 business days prior to the record date for the new issue of securities, to exercise their Loyalty Options.
- (i) **Shares issued on exercise:** Shares issued as a result of the exercise of the Loyalty Options will rank equally in all respects with all other Shares then on issue.
- (j) **Dividend:** The Loyalty Options do not confer any rights to dividends. Shares issued upon the exercise of the Loyalty Options will only carry an entitlement to receive a dividend if they were issued on or before the relevant record date for the dividend.
- (k) **Adjustment for pro rata issue:** In the event of a pro rata issue of Shares by the Company (except a bonus issue), the Exercise Price for the Loyalty Options will be adjusted in accordance with ASX Listing Rule 6.22.2.
- (l) **Adjustment for bonus issue:** If there is a bonus issue to Shareholders, the number of Shares over which each Loyalty Option is exercisable will be increased by the number of Shares which the holder of Loyalty Options would have received if the Loyalty Options had been exercised before the relevant record date for the bonus issue.
- (m) **Adjustment for reorganisation of capital:** If the Company reorganises its capital, the rights of the holder of Loyalty Options (and the Exercise Price of Loyalty Options) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital, at the time of the reorganisation.
- (n) **Not quoted:** The Company will not apply for quotation of the Loyalty Options on ASX.
- (o) **Transferability:** The Loyalty Options are only transferable with the Company's prior written consent.

5.2 Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares. Shares issued on the exercise of Loyalty Options will rank equally with existing Shares and therefore have these same rights and liabilities attaching to them.

This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. You should seek independent legal advice to obtain such a statement.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available on the Company's website and for inspection at the Company's registered office during normal business hours.

Voting rights:	Subject to any rights or restrictions, at any meeting each Shareholder present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held, but in respect of partly paid Shares will have a fraction of a vote in proportion to the amount paid up on the Shares.
General meetings and notices:	A Director may call a meeting of Shareholders and an annual general meeting must be held at least once per year. Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company
Dividend rights:	The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special rights, any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.
Future increase in capital:	The allotment and issue of any new Shares is under the control of the Directors. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they determine in their absolute discretion.
Transfer of Shares:	Subject to the Constitution, the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules or any other applicable laws of Australia, the Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares or otherwise in accordance with the Listing Rules.
Shareholder liability:	If Shares are partly-paid, the Shareholder is liable to pay calls on the Shares in accordance with the terms on which the Shares are on issue. If the Shareholder fails to pay a call or instalment of a call, they may be liable for forfeiture.
Winding up:	If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the Company's property, set the value of any property to be divided and decide how the division is to be carried out between the Shareholders.
Variation of rights:	Rights attached to Shares may only be varied by special resolution of the Company: by special resolution passed at a meeting of the Shareholders holding Shares in the class or with the written consent of Shareholders with at least 75% of the votes in the class.
Alteration to the Constitution:	The Constitution can be amended by a special resolution passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

5.3 Terms of Piggyback Options to be issued on the exercise of Loyalty Options

If Loyalty Options are exercised then, in addition to new Shares being issued on a 1 for 1 basis, the holder of Loyalty Options will also receive 1 Piggyback Option for every 2 Loyalty Options exercised. The key terms of the Piggyback Options are set out below:

- (a) **Entitlement:** Subject to and conditional upon any adjustment in accordance with these conditions, each of the Piggyback Options entitle the holder to apply for one (1) Share upon payment of the Piggyback Options Exercise Price.

- (b) **Exercise Price:** The Exercise Price for each Piggyback Option is \$1.00.
- (c) **Expiry Date:** Each Piggyback Option will expire at 5.00pm (AEST) on 1 May 2028. A Piggyback Option not previously exercised will automatically lapse on that Expiry Date.
- (d) **Exercise period:** The Piggyback Options are exercisable at any time from the date of issue until 5.00pm (AEST) on the Piggyback Options Expiry Date.
- (e) **Exercise notice:** The Piggyback Options may be exercised during the exercise period by giving the Company the Piggyback Options Exercise Notice together with payment in cleared funds of the Exercise Price for the number of Shares to which the Piggyback Options Exercise Notice relates.
- (f) **Partial exercise:** Any number of Piggyback Options may be exercised by their holder – there is no minimum prescribed number of Piggyback Options that must be exercised.
- (g) **Timing of issue of Shares on exercise:** Within 15 business days after the Piggyback Options Exercise Notice is received, the Company will:
 - (i) issue the number of Shares as specified in the Exercise Notice and for which the Piggyback Options Exercise Price has been received by the Company in cleared funds; and
 - (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
- (h) **Participation in new issues:** The Piggyback Options do not confer any right on their holder to participate in a new issue of securities without exercising the Piggyback Options. A holder of Piggyback Options will be given at least 15 business days prior to the record date for the new issue of securities, to exercise their Piggyback Options.
- (i) **Shares issued on exercise:** Shares issued as a result of the exercise of the Piggyback Options will rank equally in all respects with all other Shares then on issue.
- (j) **Dividend:** The Piggyback Options do not confer any rights to dividends. Shares issued upon the exercise of the Piggyback Options will only carry an entitlement to receive a dividend if they were issued on or before the relevant record date for the dividend.
- (k) **Adjustment for pro rata issue:** In the event of a pro rata issue of Shares by the Company (except a bonus issue), the Exercise Price for the Piggyback Options will be adjusted in accordance with ASX Listing Rule 6.22.2.
- (l) **Adjustment for bonus issue:** If there is a bonus issue, the number of Shares over which each Piggyback Option is exercisable will be increased by the number of Shares which the holder of Loyalty Options would have received if the Piggyback Options had been exercised before the relevant record date for the bonus issue.
- (m) **Adjustment for reorganisation of capital:** If the Company reorganises its capital, the rights of the holder of Piggyback Options (and the Exercise Price of Piggyback Options) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital, at the time of the reorganisation.
- (n) **Not quoted:** The Company will not apply for quotation of Piggyback Options on ASX.
- (o) **Transferability:** The Piggyback Options are only transferable with the Company's prior written consent.

6 Risk factors

6.1 Introduction

The Loyalty Options offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Loyalty Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company specific risks

(a) Intellectual Property Rights

The Company may be forced to litigate, to enforce or defend its intellectual property rights against infringement and unauthorised use by competitors, and to protect its trade secrets. In so doing, the Company's intellectual property may be put at risk of being invalidated, unenforceable, or limited or narrowed in scope.

Further, an adverse result in any litigation or defence proceedings may place pending applications at risk of non-issuance. In addition, if any licensor fails to enforce or defend their intellectual property rights, this may adversely affect the Company's ability to develop and commercialise the Company's current and future products and to prevent competitors from making, using, and selling competing products. Any such litigation could be very costly and could distract management from focusing on operating the Company's business. Further, because the content of much of the Company's intellectual property concerns cannabis, psychedelic and other activities that are not legal in some state jurisdictions, the Company may face additional difficulties in defending its intellectual property rights

(b) Medicinal cannabis industry in Australia

The medicinal cannabis industry in Australia is still relatively new, which gives risk to many significant potential risks. These risks include delays in the grant or variation of various licences and permits that can impact timeframes and the ability to generate revenue. There are also uncertainties associated with the medicinal cannabis legislative regime in Australia. There is a risk that a regulatory body could, in the future, change the application of these laws which may adversely impact the Company. Despite cannabis having been legalised for medical use, cannabis continues to be categorised as a controlled substance and violations could result in significant civil or criminal fines and penalties, as well as potentially losing any licenses issued. Any such sanction would adversely affect the operation and financial performance of the business.

(c) Psychedelic medicine industry in Australia

The industry of psychedelic medicine in Australia is in its infancy and so very significant risks may arise in this respect. These risks include the risk that relevant licences are never obtained or that, even if obtained, there are significant delays in the grant of such licences. These can impact timeframes and the ability to generate revenue.

(d) Changes in laws and regulations

The Company's operations are subject to various laws, regulations and guidelines in Australia and in territories in which the Company operates or proposes to operate, or to export to, including laws and regulations relating to health and safety, conduct of

operations and the production, management, transportation, storage and disposal of products and of certain material used in operations.

Compliance with these laws and regulations requires compliance with complex Commonwealth, State and local laws. These laws change frequently and may be difficult to interpret and apply. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that the Company is not in compliance with these laws and regulations could harm the Company's brand image and business.

Changes to these laws or regulations could negatively affect the Company's competitive position within the industries and the markets in which it operates, and there is no assurance that various levels of government in the jurisdictions in which the Company operates will not pass legislation or regulation that adversely impacts the business. The effect of the administration, application and enforcement of the regimes established on the business in Australia and overseas, or the administration, application and enforcement of the laws of other countries by the appropriate regulators in those countries, may significantly delay or impact the Company's ability to participate in the global market.

(e) **Acceptance of the efficacy of medicinal cannabis products and psychedelic medicines**

Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in relatively early stages. There have been few clinical trials on the benefits of cannabis or isolated cannabinoids that have been completed, by anyone. The same applies with respect to clinical trials and research on psychedelic medicines.

Future research and clinical trials may draw opposing conclusions to statements contained in existing publications, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medicinal cannabis and/or psychedelic medicines, which could adversely affect their social acceptance, including acceptance by the medical community, and the demand for the Company's products

(f) **Risks associated with clinical trials**

Clinical trials are expensive, time consuming and difficult to design and implement. With respect to the Company's clinical trials, these are expected to continue for several years and may take significantly longer to complete. There is no guarantee that the outcomes of the Company's clinical trials will be successful. Further, regulatory authorities may suspend, delay or terminate the clinical trials at any time for various reasons, including but not limited to:

- changes in applicable regulatory policies and regulations;
- failure to design appropriate clinical trial protocols or regulatory concerns with cannabinoid and/or psychedelic products generally and the potential for abuse;
- failure to obtain appropriate ethics approval for the clinical trial;
- discovery of serious or unexpected toxicities or side effects experienced by trial participants;
- lack of effectiveness of any product during the Company's clinical trials;
- unfavourable results from the Company's on-going pre-clinical studies and clinical trials; and
- failure by the Company, trial operators, its employees, or contractors to comply with all applicable regulatory requirements relating to the conduct of clinical trials.

One or more of the above could have a material adverse effect on the Company's business, results of operations and financial conditions.

(g) **Reliance on key personnel and consultants**

The Company is largely dependent on the performance of its management team and certain highly qualified employees, including scientists and other research and development personnel, sales personnel and the Company's continuing ability to attract and retain such employees. The Company is also dependent on its ability to recruit and retain suitably qualified personnel.

Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any such personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on the business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. There are a limited number of persons with the requisite knowledge of the cannabis and psychedelic medicinal industries and relevant experience in those industries.

(h) **Competition**

The pharmaceutical, nutraceutical and psychedelic industries are highly competitive and subject to rapid change. The industries continue to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of these competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than the Company. Some of these competitors and potential competitors have similar or more experience than the Company in the development of pharmaceutical products, including validation procedures and regulatory matters. In addition, the products of the Company compete with, product offerings from large and well-established companies that have greater marketing and sales experience and capabilities than the Company or its future collaboration partners may have. If the Company is unable to compete successfully, it may be unable to generate, grow and sustain its revenue.

(i) **Technology, innovation and cyber security**

The Company relies heavily on its information technology systems. The Company's technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber attacks, power or telecommunication provider failure, fire, natural disasters, terrorist acts, war or human error. These events may cause one or more of the Company's systems to become unavailable. Any interruptions to these operations could impact the Company's ability to operate and could result in business interruption, damaged reputation and weakening of competitive position.

Through the ordinary course of its operations, the Company collects an array of confidential information. Cyber-attacks may compromise or breach the systems used by the Company to protect confidential information. There is a risk that the measures taken by the Company may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential information. Any data security breaches or any failure by the Company to protect confidential information could result in the loss of information integrity, or breaches of the Company's obligations under applicable laws or agreements.

(j) **Loyalty Options being 'out of the money'**

Loyalty Options entitle an Applicant to acquire a new Share at the Loyalty Option Exercise Price. As Shares are readily available on the market, a Loyalty Option has material value only if it allows its holder to acquire a Share for a price less than the holder can acquire the Share on-market. As at the last trading day before the date of this Prospectus, the Shares were trading at a price of approximately \$0.12. Therefore, the Loyalty Options are currently well 'out of the money', which means that the risk referred to above is currently being realised. There can be no guarantee that the

Loyalty Options will ever be 'in the money' at any time before the exercise period for the Loyalty Options ends.

6.3 General risks

(a) Trading price of Shares

The price at which the Shares are quoted on ASX may increase or decrease due to a number of factors outside of the Company's control and which are not explained by the fundamental operations and activities of the Company. The price of Shares may be subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares. These factors may cause the Shares to trade at prices above or below the price at which the Shares were initially acquired.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(b) Additional requirements for capital

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(c) Economic risk

General economic conditions in Australia and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(d) Legislative changes

Changes in Australian and foreign government regulation and policies may adversely affect the financial performance or the current and proposed operations generally of the Company. The Company is not aware of any current or proposed material changes in relevant regulations or policy.

(e) Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses are subsequently incurred, the expenditure proposal of the Company may be adversely affected

(f) Taxation

The Company is subject to the tax regimes of Australia. Generally, changes in tax laws and regulations or their interpretation and application could adversely affect the tax liabilities of the Company.

(g) **Security investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on financial markets have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of Shares regardless of the Company's performance.

(h) **Liquidity risk**

There may be relatively few buyers or sellers of securities on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which Shareholders are able to sell their Shares.

6.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may materially affect the financial performance of the Company and the value of the Loyalty Options offered under this Prospectus.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Loyalty Options pursuant to this Prospectus.

6.5 Other

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

7 Continuous disclosure documents

7.1 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus” to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or of options to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms, a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a financial market. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three (3) months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the financial market operated by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the Constitution;
 - (ii) the annual financial report most recently lodged by the Company with ASIC;
 - (iii) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in item (c)(ii) above and before the lodgement of this Prospectus with ASIC; and
 - (iv) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in item (c)(ii) above and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of announcement
20 September 2022	Appendix 4G
7 October 2022	Annual General Meeting Date
11 October 2022	Positive Pre-IND Meeting with US FDA on IHL-216A
13 October 2022	Positive preliminary data from IHL-675A Ph 1 trial
14 October 2022	Application for quotation of securities - IHL
21 October 2022	Notice of Annual General Meeting/Proxy Form
28 October 2022	Quarterly Activities/Appendix 4C Cash Flow Report
31 October 2022	Incannex files Form 20-F and XBRL Data with SEC
17 November 2022	Incannex Development Update for IHL-42X
21 November 2022	Addendum to Notice of Annual General Meeting
25 November 2022	IHL Commences Manufacturing for Novel Addiction Treatments
29 November 2022	IHL commences manufacturing of skin therapeutics
29 November 2022	IHL Annual General Meeting CEO Address
29 November 2022	Results of Meeting
1 December 2022	Trading Halt
5 December 2022	Incannex Undertakes A\$13 Million Institutional Placement
5 December 2022	Capital Raising Presentation
5 December 2022	Proposed issue of securities – IHL
5 December 2022	Prospectus for Placement Options
6 December 2022	Incannex Expands Intellectual Property Position over IHL-42X
9 December 2022	Application for quotation of securities – IHL
9 December 2022	Notification regarding unquoted securities – IHL
9 December 2022	Cleansing Statement
15 December 2022	Proposed issue of securities – IHL
16 December 2022	Notification regarding unquoted securities – IHL
28 December 2022	Appendix 3Y R Clark
18 January 2023	Independent data review commences for Ph 2 trial psilocybin
27 January 2023	Quarterly Activities/Appendix 4C Cash Flow Report
27 February 2023	Appendix 4D and Half Year Accounts
28 February 2023	IHL Commences Phase 2 Clinical Trial
3 March 2023	Incannex to Manufacture Psilocybin for Trials & Commercial
10 March 2023	Pause in Trading
10 March 2023	Trading Halt

14 March 2023	Voluntary Suspension
15 March 2023	Interim phase 2 PsiGAD psilocybin results
15 March 2023	Reinstatement to Official Quotation
16 March 2023	Incannex Launches Psychedelic Clinics Business
14 April 2023	Global CRO leader QPS engaged for CannQuit & ReneCann
21 April 2023	Entitlement Offer of Loyalty Options
21 April 2023	Proposed issue of securities – IHL
24 April 2023	Cancel – Proposed issue of securities – IHL
26 April 2023	Proposed issue of securities – IHL
27 April 2023	Quarterly Activities/Appendix 4C Cash Flow Report
2 May 2023	Incannex Announces Final Results from Phase 1 Clinical Trial

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours. The announcements are also available through the Company's website at incannex.com/asx-investor-centre/.

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 8.11 and the consents provided by the Directors to the issue of this Prospectus.

8 Additional information

8.1 Litigation

So far as the Directors are aware there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

8.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX. The Loyalty Options offered under this Prospectus are intended to be unlisted.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and most recent dates of those sales were:

Highest	\$0.20 on 6 February 2023
Lowest	\$0.11 on 17 March 2023
Last	\$0.12 on 2 May 2023

8.3 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the two (2) years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

8.4 Directors' interests

The interest of each of the Directors and their related entities in the securities of the Company as at the Prospectus Date, is set out in the table below.

Director	Shares held at the Prospectus Date	Loyalty Options proposed to be taken up under the Entitlement Offer	Options held at the Prospectus Date
Troy Valentine	36,651,198 Shares	2,443,413 Loyalty Options under the Entitlement Offer	2,800,000 Options

Joel Latham	21,196,668 Shares	1,413,111 Loyalty Options under the Entitlement Offer	10,100,000 Options
Peter Widdows	16,573,685 Shares	1,104,912 Loyalty Options under the Entitlement Offer	Nil Options
George Anastassov	66,972,077 Shares	Nil Loyalty Options under the Entitlement Offer	Nil Options
Robert Clark	Nil Shares	Nil Loyalty Options under the Entitlement Offer	5,000,000 Options

8.5 Directors' Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable.

A Director may be paid fees or other amounts (ie, non-cash performance incentives such as Options and/or performance rights, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid travelling and other expenses that they properly incur in attending Directors' meetings, general meetings of the Company and in connection with the Company's business.

The following table shows the total (and proposed) annual remuneration paid to both Executive and Non-Executive Directors (inclusive of superannuation) as disclosed in the Company's 2022 Annual Report for the stated periods.

Director	Year ending 30 June 2022 Salary/Director fees (AUD)	Year ending 30 June 2021 Salary/Director fees (AUD)
Troy Valentine	\$654,563	\$186,630
Joel Latham	\$1,519,594	\$636,070
Peter Widdows	\$93,216	\$52,560
George Anastassov	N/A	N/A
Robert Clark	N/A	N/A

8.6 Interests of Other Persons

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) do not hold, have, and have not had in the two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;

- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offer, except as disclosed in this Prospectus and as follows:

- (d) Thomson Geer has acted as the Australian lawyers to the Company for the Offers. In respect of this work the Company will pay Thomson Geer approximately \$30,000 (exclusive of GST); and
- (e) Automic Pty Ltd conducts the Company's share registry functions and will provide administrative services in respect to the proposed Share applications pursuant to this Prospectus. Automic Pty Ltd will be paid for these services on standard industry terms and conditions.

8.7 Related party transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

8.8 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

8.9 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Loyalty Options.

8.10 Costs of the Offers

The indicative costs of the Offers payable by the Company (inclusive of GST) are as follows:

Description	\$,000
Legal expenses	32
Share Registry	15
ASIC lodgement fee	3
TOTAL	50

8.11 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Loyalty Options), the Directors, persons named in this Prospectus with their consent as proposed Directors of the Company, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it.

Each of the following parties:

Name	Role
Thomson Geer	Lawyers
Automic Pty Ltd	Share Registry

- (a) has given its consent to be named in this Prospectus as set out above and has not withdrawn its consent at the date of lodgement of this Prospectus with ASIC;
- (b) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offers;
- (c) has not made or purported to have made any statement in this Prospectus or statement on which a statement in this Prospectus is based, except as described in this Section; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for this Prospectus other than a reference to its name and any statement or report included in this Prospectus with the consent of that party as described in this Section.

None of the parties referred to in this Section 8.11 has authorised or caused the issue of this Prospectus or the making of the Offers.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

8.12 Electronic prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a Prospectus lodged with ASIC and the issue of Loyalty Options in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please contact the Company and the Company will send to you, free of charge to you, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Applicant as soon as practicable.

8.13 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



Troy Valentine
Chairman

10 Glossary

\$ or \$ means Australian dollars.

AEST means Australian Eastern Standard Time.

Applicant means a person who applies for Loyalty Options under and in accordance with this Prospectus.

Application means a valid application for Loyalty Options offered under this Prospectus.

Application Form means the application form that accompanies this Prospectus, being the Entitlement and Acceptance Form.

Application Money means money received from an Applicant in respect of an Application.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) trading as the 'Australian Securities Exchange'.

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532).

ASX Settlement Rules means the settlement rules of ASX Settlement.

Board means the board of Directors of the Company.

Business Day means has the meaning given to that term in the Listing Rules.

CHESS means Clearing House Electronic Sub-register System operated by ASX Settlement.

CHESS Statement or **Holding Statement** means a statement of shares registered in a CHESS account.

Closing Date means the closing date of the Entitlement Offer, being the date detailed in the indicative timetable on page 6 of this Prospectus.

Company means Incannex Healthcare Limited (ACN 096 635 246).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Company Secretary means the company secretary of the Company.

Director means a director of the Company as at the Prospectus Date.

Eligible Shareholder has the meaning given to that term in Section 2.15.

Entitlement or **Entitlement Offer** means the non-renounceable entitlement for Eligible Shareholders to apply for Loyalty Options on the basis of 1 Loyalty Option for every 15 Shares held on the Record Date at a price per Loyalty Option of \$0.001, with each Loyalty Option exercisable at \$0.25 on or before 30 April 2026.

Entitlement Offer Shortfall means the Loyalty Options not applied for under the Entitlement Offer before the Closing Date.

Exercise Notice means a duly completed notice of exercise of Loyalty Options and application for Shares executed by the holder of Loyalty Options specifying the number of Loyalty Options exercised.

GST means Goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*.

IHL means Incannex Healthcare Limited (ACN 096 635 246).

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

Listing Rules means the official listing rules of ASX.

Loyalty Option means an Option exercisable at \$0.25 each on or before 30 April 2026, and otherwise on the terms and conditions set out in Section 5.1, to be issued or offered under an Offer to this Prospectus.

Loyalty Option Exercise Notice means a duly completed notice of exercise of Loyalty Options and application for Shares executed by the holder of Loyalty Options specifying the number of Loyalty Options exercised.

Loyalty Option Exercise Price means \$0.25.

Loyalty Option Expiry Date means 30 April 2026.

Offer Period means the period that an Offer is open, being the period between the Opening Date and the Closing Date.

Offer Price means \$0.001 per Loyalty Option.

Offers means the Entitlement Offer and the Shortfall Offer.

Opening Date means the opening date of the Entitlement Offer, being the date detailed in the indicative timetable on page 6 of this Prospectus.

Option means an option to apply for a Share.

Piggyback Option means an Option exercisable at \$1.00 on or before 1 May 2028, and otherwise on the terms and conditions set out in Section 5.3, to be issued following the exercise of Loyalty Options on the basis of one Piggyback Option issued for every 2 Loyalty Options exercised.

Piggyback Option Exercise Notice means a duly completed notice of exercise of Loyalty Options and application for Shares executed by the holder of Loyalty Options specifying the number of Loyalty Options exercised.

Piggyback Option Exercise Price means \$1.00.

Piggyback Option Expiry Date means 1 May 2028.

Privacy Act means the *Privacy Act 1988* (Cth).

Prospectus means this document, including the Application Forms.

Prospectus Date means 3 May 2023, being the date that this Prospectus is lodged with ASIC.

Record Date means 7.00 pm (AEST) on the date specified in the indicative timetable set out on page 6 of this Prospectus;

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Share Registry means the Company's Share Registry, Automic Pty Ltd.

Shortfall Application Form means the application form attached to, or accompanying this Prospectus, to be used for the purposes of applying for Shortfall Loyalty Options upon invitation from the Company.

Shortfall Offer has the meaning given to that term in Section 2.2.

Shortfall Loyalty Options means the Loyalty Options constituting the Entitlement Offer Shortfall.

Voting Power has the meaning given to that term in the Corporations Act.

11 Corporate Directory

Directors

Troy Valentine
Joel Latham
Peter Widdows
George Anastassov
Robert Clark

Registered Office

Level 23, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Company Secretary

Madhukar Bhalla

Lawyers

Thomson Geer
Level 23, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Share registry*

Automic Pty Ltd

*Automic Pty Ltd have not been involved in the preparation of this Prospectus.